


STATE OF CALIFORNIA • DEPARTMENT OF TRANSPORTATION
MANUAL CHANGE TRANSMITTAL
RW 0001 (REV. 10/93)

☒ R/W MANUAL CHANGE
(1993 Edition)

RWMC--**86**

☐ PROCEDURAL HANDBOOK
(1984 Edition)

RWPH-_____
Transmittal # _____

TITLE Appraisals	APPROVED BY  PATRICIA JONES	DATE ISSUED 6/27/00 Page 1 of 2
SUBJECT AREA Chapter 7, Appraisals	ISSUING UNIT Office of Appraisals and Local Programs	
SUMMARY OF CHANGES Revises and reformats Table of Contents, 7.02, 7.05, 7.09, 7.13, 7.14, Forms Table of Contents, Exhibits Table of Contents, and 7-EX-16. Adds RW 7-17A and Subsection 7.13.60.02.		

PURPOSE

To increase the amount of just compensation for nominal from \$1,000 to \$2,500.

To clarify that the Excess Land Nominal Value Appraisal need not be an appraisal, but may be a Market-Value Determination. Any valuation up to \$10,000 need not be an appraisal. The valuation up to \$10,000 could be prepared by staff in the Excess Lands function at the Region/District's discretion.

Included in the revisions are the Table of Contents, Sections 7.02.11.00, 7.02.13.00, 7.02.13.01, 7.02.13.02, 7.02.14.00, 7.14.01.00, 7.14.01.01, 7.14.01.02, 7.14.04.00, 7.14.04.01, 7.14.04.02, Forms Table of Contents, Exhibits Table of Contents, and 7-EX-16. A new form (RW 7-17A) and a new subsection (7.13.60.02) are added.

Section 7.05.02.00 revised to replace the term "Market-Data Approach" with "Sales Comparison Approach" to comply with current practices. Other sections containing the obsolete terminology will be updated in future revisions.

Section 7.05.02.02 revised to allow the use of qualitative adjustments to comparable data. While quantitative adjustments remain as the primary method of adjusting comparable data, Regions/Districts may use qualitative adjustments when the adjustments are not easily quantifiable.

The section of adjustments also revised to bring it in line with current appraisal practices.

Subsection 7.09.05.00 revised to include the requirements that if benefits are determined, they need to be quantified and included in the appraisal report even if no damages were found.

Subsection 7.13.60.02 added to acknowledge that an exception to the definition of nominal sometimes applies to railroad valuations.

All above-named sections also edited and reformatted.

EFFECTIVE DATE

Effective immediately.

REVISION SUMMARY

<u>Chapter</u>	<u>Remove Old Page</u>	<u>Insert New/Revised Page</u>	<u>Replace Interim Change</u>
7 - Sections	Table of Contents (Rev. 10/99) 7.02-1 through 7.02-10 (Rev. 10/99) 7.05-1 through 7.05-4 (Rev. 1/98) 7.09-1 through 7.09-4 (Rev. 1/98) 7.13-1 through 7.13-3 (Rev. 1/98) 7.13-4 through 7.13-8 (Rev. 12/98) 7.14-1 through 7.14-4 (Rev. 10/99)	Table of Contents (Rev. 7/2000) 7.02-1 through 7.02-10 (Rev. 7/2000) 7.05-1 through 7.05-4 (Rev. 7/2000) 7.09-1 through 7.09-4 (Rev. 7/2000) 7.13-1 through 7.13-3 (Rev. 7/2000) 7.13-4 through 7.13-8 (Rev. 7/2000) 7.14-1 through 7.14-6 (Rev. 7/2000)	N/A
7 - Forms	Forms Table of Contents (Rev. 3/99) ----	Forms Table of Contents (Rev. 7/2000) RW 7-17A (New 7/2000)	
7- Exhibits	Exhibits Table of Contents (Rev. 10/99) 7-EX-16 (Rev. 1/98)	Exhibits Table of Contents (Rev. 7/2000) 7-EX-16 (Rev. 7/2000)	

CHAPTER 7

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7.02.00.00 - APPRAISALS

7.02.01.00 Federal Project Numbers

Federal project numbers are required for projects involving Federal participation in Right of Way costs. The Federal project number will appear on the following:

- A. All appraisal correspondence (including a letter of transmittal, if used)
- B. The Front Cover
- C. Appraisal Title Page
- D. Parcel Summary Page
- E. Parcel Appraisal Pages
- F. Appraisal Maps

7.02.02.00 Report Identification Numbers

Appraisal Reports will use Phase 9 Expenditure Authorizations and be numbered in sequence. Each expenditure authorization will have its own series of Report numbers. If an expenditure authorization is subdivided, each new expenditure authorization number will warrant a separate series of numbers. The Title Page will also show the Control Expenditure Authorization.

Project post mile and project limit descriptions of each Report must coincide exactly with Phase 1 Expenditure Authorization limits. Right of Way Planning and Management can provide the most current description.

7.02.03.00 Organization, Content and Sequence

The material in most Reports shall be arranged in the following order as applicable. All pages in the Report shall be numbered consecutively and completed as described.

A. Front Cover

HQ R/W copy of the Report will be bound and the information shown on Exhibit 7-EX-1 will be typed in the upper right-hand corner of the cover sheet.

For a revised parcel, place the word "Revised" and the old Report number in parentheses following the parcel number. All parcels appraised together as a larger parcel will be listed in parentheses under the lowest parcel number of the group, regardless of number sequence.

B. Title Page

The Title Page will be organized substantially as shown on Exhibit 7-EX-21.

At least two copies of the Title Page will be submitted to HQ R/W so one can be returned to the Region/District as a receipt. The original and all copies of the Title Page will be bound into the Report, inside the front cover. This procedure provides the Region/District with a positive verification of HQ R/W having received their copy of the appraisal and any revisions.

Each person signing this page certifies the appraisal has had appropriate review for accuracy and the Report is approved or recommended for approval. Signatures shall be in accordance with current delegations.

The person verifying the calculations certifies that all mathematical calculations have been checked, verifies the accuracy of the maps in comparison with parcel appraisals, and certifies that no typographical errors or content inconsistencies exist in the Report.

The "Remarks" section may recommend referral of the Report to a particular HQ R/W Reviewer who may have particular knowledge of the project or the appraisals involved. Special urgency may be indicated and teletype approval may be requested in this section. Special comments will be shown in this section.

C. Parcel Summary Page

This will be prepared in accordance with RW 7-4. One extra copy will be included in the Appraisal Report sent to HQ R/W for forwarding to FHWA as appropriate.

D. Certificate of Sufficiency and Hazardous Waste

Exhibit 7-EX-20 is optional and may be used in place of obtaining the necessary signatures on the Appraisal Title Page relative to hazardous waste and to the Certificate of Sufficiency.

E. Senior Field Review Certificate

This will be organized substantially as shown on RW 7-5. The Senior Agent supervising preparation of the appraisal will sign the Certificate which summarizes his field review and decisions regarding all parcels in the Report. RW 7-5(a) will be used when no field review is performed.

F. Certificate of Appraiser

This is executed by the Appraiser and by any other Agent who participated in preparing the appraisal. A new Certificate is required whenever a parcel appraisal is revised resulting in a change in value. See RW 7-6.

G. Excess Land Review Certificates

This will be included in all Reports proposing purchase of excess lands. A new Certificate will be submitted with any change in excess parcels. See RW 7-7.

The Certificate will be executed by the Region/District Excess Land Manager. The purpose of the excess land review is to minimize or eliminate fragmentary excess land parcels.

H. Introduction

The Introduction shall contain information of a general nature applying to the Appraisal Report as a whole or to groups of parcels. It may also contain parcel description or valuation information pertaining to several parcels.

Data which apply only to individual parcels should be shown on the pages for those parcels and not in the Introduction.

I. Outdoor Advertising Structures Page

All outdoor advertising structures owned by other than grantor or occupants of the subject property will be listed on the Summary of

Outdoor Advertising Structures prepared in accordance with the format and instructions shown on RW 7-8.

The cost of outdoor advertising structures appraised will be carried forward to the Parcel Summary Page.

J. List of Access Openings

A list will be included in each Report containing appraisals with proposed private openings in the access-restriction line. The list will show the openings by parcel number, station location, width, and type (permanent, temporary, or locked gate). The list and pertinent maps will be reviewed and confirmed with Region/District Project Development immediately prior to submission of the Report for approval.

K. Photographs

Each Parcel Appraisal and each Comparable shall include photographs. They are to show all major improvements. Approximate location and direction of the view and the right of way line should be indicated where possible. Each photograph will be clearly identified with the parcel number, date, and photographer's initials or other suitable identification. This information may be scribed on the photo negative before printing. Clear photo copies may be used in lieu of photographs of repeated comparable data.

L. Parcel Appraisal Pages

Separate pages will be included covering all parcels (and subparcels when necessary) included in the Report. See RW 7-9. An Appraisal Page may be used to recapitulate the values for all subparcels in the parcel appraisal and for all parcels appraised together as a larger parcel.

M. Sales Data Page

This will be prepared on the form and according to the instructions shown on RW 7-10. Each change of vesting of the subject during the last five years will be explained on a Sales Data Page. The most recent sale that occurred during this period shall be verified by the

appraiser with both the grantor and the grantee if at all possible. If not verified with both parties, efforts to do so must be described.

A complete verification shall be made, not only as to price paid and terms of the sale and what the sale included, but why the seller sold the property, why the buyer purchased the property, was the buyer aware of the State's proposed construction and acquisition, if the buyer had knowledge of the proposed construction and the effect it had on the purchase price, and how the purchase price was determined.

Any difference in appraised value and sales price must be explained.

This page is not required for sales of portions of the subject ownership outside the right of way.

N. Summary of Comparable Data

All comparable data used in a Report should be separately summarized in tabular form similar to Exhibit 7-EX-2.

A specific comparable or group of comparables may be related to one or more specific subject properties.

O. Comparable Data Pages

All comparable data will be carefully investigated with as many parties involved as warranted. Comparable sales should be confirmed with the buyer or seller; both parties, if necessary. Comparable improvements are to be inspected, including interiors, and square meters obtained. If not possible, the Comparable Data Page will so state.

Recent listings of the subject parcel should be investigated, considered, and explained in the appraisal. If the listing is considered to be a reliable indicator of value, it may be included in the comparable data. In this case, it will also be referenced as a subject parcel.

All comparable data will be described on Comparable Data Pages in accordance with RW 7-11.

Other State appraisals or settlements will not be used for comparable data purposes.

An appraiser using the data verified previously by another State appraiser must investigate and analyze the data as appropriate, to enable reliance on the information for valuation purposes. This does not require reverifying the data with the principals unless the circumstances warrant. It does require viewing the data in the field and reviewing all pertinent information necessary to become familiar with the data in all the aspects necessary for reliable comparison purposes. It is imperative that each appraiser analyze any zones of land value or contributory value of improvements indicated on the Comparable Data Page. Independent judgment will be documented by appropriate comments on the sales sheet to the effect that the figures have been reviewed and found reasonable or changes made to reflect the second appraiser's judgment. Each appraiser is free to change items on sales sheets previously used if there isn't agreement with the judgment of the original appraiser.

The Comparable Data Page will show the date and name of the agent who originally verified the data. If the comparable data is used by other appraisers in subsequent appraisals, the date and name of the using appraiser will be shown immediately below that of the verifying appraiser.

Not all comparable data discovered need be included in the Report. Include only that data considered most reliable and indicative of market value and which has been referenced in support of the parcel appraisal. Additional data should be retained in the Region/District's files.

The Comparable Data Page shall be numbered, indexed and filed for easy and rapid retrieval.

The inclusion of an Assessor's Plat of the comparable is strongly encouraged for clarity and understanding.

See Section 7.05.02.00 for further information on comparable data.

P. Appraisal Maps

The Report will contain all the maps necessary for proper analysis, identification, and documentation. Each Report will contain, at a minimum, an Index Map, Appraisal Maps, and a Comparable Data Map. When practical, these maps may be consolidated.

The Report will include any additional maps required for proper understanding and documentation of specific parcel valuations, such as contour maps, topographic maps, or design plans. Significant topography should be included for partial acquisitions. Where a total ownership is very large, it can be shown on a reduced sketch, plat, or map.

Exhibit maps showing pertinent design detail are required for parcels with damages, benefits, and/or construction contract work of other than routine curative nature, utility relocations, or road approaches. Such exhibit maps may be on a reduced scale and need show only the affected parcels. The maps should show the main lanes, frontage roads, and the nearest interchanges, drainage structures, construction contract work locations, and information regarding cuts and fills (if significant) for the affected parcels. At the Region/District's discretion, this information may be on separate maps, or plotted on the Appraisal Maps. If a large number of parcel appraisals are involved, the possibility of consolidating the Appraisal Map and the topographic design map should be investigated.

The Appraisal Branch is responsible for the completeness of the maps, and for requesting delineation of pertinent data and topography not previously included.

It is also Appraisal Branch responsibility to ensure that maps, including coloring, are correct.

Q. Comparable Data Map

This map will be produced from information supplied by the appraiser. The map must show the proper locations of the comparable data, the subject properties, and other pertinent information necessary for the understanding of the comparable data. Inclusion of the date of sale and unit land value is encouraged but not required.

The map will be prepared by Right of Way Engineering or the appraiser. It will be of sufficient size or scale to show the following:

1. Size, shape, and location of subject property(ies) and comparable data as related to each other.
2. Zone(s) of the various properties (when pertinent).
3. Comparable sales colored orange, comparable listings colored green, and subject property(ies) colored red.
4. Utility service mains (when pertinent).

Additional information may be included when necessary or when considered by the appraiser to contribute to the understanding of the comparable data. A North arrow will be included on all maps.

7.02.04.00 Parcel Numbering

The parcel numbering shown on the Appraisal Maps and certified for right of way acquisition will be utilized in the Report. If parcels merge prior to final Appraisal Maps being received by the Appraisal Branch, the parcel numbering will be revised. If a merger occurs after final Appraisal Maps are received, at the Region/District's option, the assigned parcel numbering will continue and the merged parcels will be appraised together as a larger parcel. Merged parcels will be colored one color; both separate and combined areas will be shown, and the correct vesting will be shown on the maps. The lowest parcel number will be used for reference and the other number(s) will be shown in parentheses. If the Region/District prefers, it can revise the maps and numbering and combine the parcels into one.

Occasionally, an ownership lies outside the right of way but has appurtenant rights affected by the project requirements (access rights, easements, etc.). The effect of the project requirements may not become known until the appraisal stage. Such rights may be cleared by quitclaim deed in the encumbered parcel transaction. Frequently, however, the right of way acquisition of the appurtenant rights may materially affect the dominant remainder. If a separate appraisal of the affected ownership is required, the Appraisal Branch will request a parcel

number be assigned and the ownership delineated. Separate appraisals may be required when (1) improvements are affected, (2) damages occur to the remainder, (3) construction contract work is required, or (4) a separate escrow is necessary.

Subparcel numbers will be used to designate separate requirements. Occasionally, subsidiary interests, such as mining claims or oil rights, will require separate appraisals. These will be separately identified by subparcel letters by the Appraisal Branch and need not be delineated on Appraisal Maps unless required for clarity.

Parcel numbering for right of way purposes may not necessarily coincide with condemnation parcels nor with title company parcels.

It is the Region/District Appraisal Branch's responsibility to ensure that vestings, parcel numbering, and appurtenant rights are correct.

7.02.05.00 Number of Parcels Per Report

The number of parcels in each Report will be dictated by the similarities of the parcels appraised, common comparable data, and the requirements of timely submission of parcel appraisals to Acquisition. The number of parcels should not normally exceed 30 in any one Report.

7.02.06.00 Parcels Straddling an Expenditure Authorization

If requirements from a single ownership straddle an expenditure authorization, it will be acceptable to charge the total property cost to a single project expenditure authorization. Minor overlaps warrant investigation of possible project limit adjustments.

7.02.07.00 Parcel Groups - Mutual Owners

A project may contain multiple parcels with the same ownership, but the parcels not comprising an integrated operation. In these cases, the remarks for each parcel should contain clear references to other parcels required from the same owner. All requirements from a single owner on a project should be included in the same Report, if possible.

7.02.08.00 Parcel Groups - Integrated Operation

A. General

Parcels that compose an integrated operation will be included in one appraisal with sufficient discussion to illustrate the relationship of the parcels. If the inclusion of all of the parcels in one appraisal is impractical, a request may be sent to the Division explaining the necessity of a variance.

B. Procedure

When appraising parcels which are part of an integrated operation, the following instructions apply:

1. All parcels in the group will be included together in the Report regardless of numbering sequence. If revision of an unclosed transaction is necessary, either revised appraisal pages may be used or the entire group included in a revised appraisal.
2. A Recapitulation Appraisal Page (RW 7-9) will summarize the values for the total group. The page will reference in the upper margin all parcels included in the group. It will use the lowest parcel number as file reference.
3. Following the Recapitulation Page will be the pro-rata segregations of value for each parcel and subparcel, including excess portions. Subparcels will follow each parcel. Below the words "Parcel No." on Appraisal Page, insert the words "See also Parcel _____" and the lowest parcel number in the group.
4. Following the Appraisal Pages will be the basic appraisal data for the group.
5. On the Appraisal Report front cover, and Parcel Summary Page, list the parcels appraised together as a larger parcel in parentheses showing the lowest parcel number regardless of number sequence. On the Parcel Summary Page, the total value of each parcel in the group will be shown.
6. On the Appraisal Maps the group will be colored as a whole with the same color. A plot plan of the group will also be shown if

the total group cannot be seen on one map.

7.02.09.00 Dual Appraisal Process

The second appraisal prepared by either a second staff appraiser or by a contract appraiser under the supervision of another Senior, or both reports may be done by contract appraisers. Contract appraisals shall comply with all pertinent appraisal instructions. This includes the front cover through the Appraisal Page (RW 7-9) which will be prepared by the reviewing Senior from information in the Report. The two reviewing Seniors shall act as a liaison between the appraisers to ascertain that both are following the same legal premises and have benefit of all the sales and other supporting data.

Senior Review Certificates will be prepared for each appraisal.

The excess property inventory valuation and replacement housing estimates will be prepared by Staff (following HQ R/W approval) and not by independent appraisers.

Dual appraisals are to be sent to HQ R/W separately bound but ready for review together. Such reports may contain only dual appraisals but more than one property if the appraisals were done by the same person. The Report to be used for acquisition will be HQ R/W approved. The other appraisal will be reviewed for documentation. The judicious use of joint factual data is encouraged; however, independent analyses, judgments, valuations, and conclusions are required. The Joint Factual Data Book may include any data of a factual nature mutually accepted as such by the appraisers, and other data such as acquisition authorization documents, list of access openings, photos, maps, and cost-new estimates.

7.02.09.01 Corrections and Revisions

Where two appraisals were prepared and revision or correction of the approved appraisal becomes necessary, the following guidelines are to be observed:

- A. In general, only the approved appraisal need be revised; except,
- B. In these situations where there is a major change which substantially affects the fair

market value estimate, it is necessary to revise both appraisals.

7.02.09.02 Review Process

Region/District cumulative reviewers above the Senior level are responsible for resolving significant differences between appraisals due to factual matters only. Determining the reasons for major divergences is important. It may be necessary to inquire into the support for significant judgmental differences. However, any attempt to simply narrow the spread of values resulting from differences is inappropriate and contrary to the purpose for securing dual reports. HQ R/W will consider these differences in its review process.

The Region/District Appraisal Supervisor's signature recommending approval of both appraisals is not considered a recommendation of two separate fair market values. It is just indicating that both reports are based on sound appraisal theory and contain appropriate documentation and analysis to support the appraisers conclusions. HQ R/W is responsible for reviewing both appraisals and approving the report which best supports its conclusions.

7.02.10.00 Replacement Housing Valuation Reports

The Appraisal Branch may prepare these reports for use by the Relocation Assistance function. Instructions for preparing them are contained in Relocation Assistance, Chapter 10.

One individual cannot prepare both the Acquisition Appraisal and the Replacement Housing Valuation on the same dwelling unit. One Senior Right of Way Agent may review and recommend for approval both reports on the same dwelling unit as long as that Senior does not also have responsibility for the Region/District's Relocation function.

7.02.11.00 Calculations

All monetary appraisal calculations shall normally be carried accurately to the nearest cent without rounding of figures or adjustment of unit values to yield rounded figures. The total appraised value is to be rounded as follows:

- A. From \$500 to \$2,500, to the nearest \$50.

- B. From \$2,501 to \$100,000, to the nearest \$100.
- C. Parcels exceeding \$100,000, to the nearest \$1,000.

When several approaches to value are used, the final value found after reconciliation will normally be a rounded figure. Minor rounding adjustments are permitted on condemnation appraisals for clarity of testimony presentation.

Generally, land areas should be shown to at least three decimal places where hectares or front meters are used, and to the closest square meters where areas are so expressed.

Building areas should be calculated to the closest 0.1 square meter.

All calculations shall be carefully checked prior to first level recommendation for approval.

7.02.12.00 Noncomplex Valuations of \$10,000 or Less

Noncomplex parcel valuations of \$10,000 or less may be appraised utilizing either the memorandum appraisal format (RW 7-14), or a very succinct narrative appraisal using RW 7-9. The \$10,000 amount includes severance damages but excludes nonsubstantial construction contract work. Nonsignificant construction contract work includes replacement of existing facilities such as road approaches, fencing, irrigation pipelines, etc.

The determination as to which parcel valuations are noncomplex rests with the Region/District. Among the criteria to be considered in making the determination are:

- A. There is no serious question as to highest and best use.
- B. Adequate market data is available.
- C. Substantial damages and benefits are not involved.
- D. There is no substantial decrease in market value due to the presence of hazardous material/waste.

RW 7-14 shows the minimum content requirements for the narrative portion of the appraisal. The amount of analysis and degree of documentation should be in proportion to the appraisal problem and valuation involved. However, substance and brevity should be the norm. If RW 7-9 is used, then the narrative should be the same succinct format as the Memorandum Appraisal.

One appraisal report can contain any number of these types of parcels. Information pertinent to groups, or all parcels, can be said once in the General Information portion.

In addition, all appraisals must include at least the following:

- Parcel Summary Page
- Senior Field Review Certificate
- Certificate of Appraiser
- Photograph(s) of subject
- Index map
- Appraisal map
- Comparable Data Pages with photographs
- Comparable Data map

Where applicable, the appraisal must also include: Summary of Outdoor Advertising Structures, List of Access Openings, and Sales Data Page.

The amount of analysis and degree of documentation should be in proportion to the appraisal problem and valuation involved.

Appraisals of parcels of nominal or low value will ordinarily require only a brief valuation analysis. Market data used to establish the nominal valuation can be described in the memorandum without including Comparable Data Pages and Comparable Data Map. However, all of the other items discussed above must be included.

7.02.13.00 Determination of Just Compensation In Lieu of an Appraisal

An appraisal is not required if the Region/District determines one is unnecessary because the valuation problem is uncomplicated and the fair-market value is estimated at \$10,000 or less based on a review of available data. The \$10,000 amount should include severance damages, if any, but exclude any non significant construction contract work. Authority to make this determination rests with the DDC-R/W, who may delegate it.

The "Determination of Just Compensation" is not an appraisal and is to be used merely for documentation for support of the amount of just compensation to be paid to the property owner.

The determination as to which parcel is uncomplicated rests with the Region/District. Among the criteria to be considered in making the determination are:

- A. There is no serious question as to highest and best use.
- B. Adequate market data is available.
- C. Substantial damages and benefits are not involved.
- D. There is no substantial decrease in market value due to the presence of hazardous material/waste.
Code of Federal Regulations (49 CFRs 24.102(c)2) provides that an appraisal is not required for parcels estimated at \$2,500 or less. Current FHWA approval has raised the limit to \$10,000.

The Determination of Just Compensation may be based on a review of available relevant data, such as comparable-sales data or listing data, including sales already in the Region/District files; comparable data and multiple-listing service data; opinions of Assessor's Office appraisers or real estate brokers, and other cost sources. Comparable Data Pages and sales location maps are not necessary.

The documentation to support the Determination of Just Compensation and required content will depend on whether the value is \$2,500 or less, or \$2,501 to \$10,000, and if it is contained in Sections 7.02.13.01 and 7.02.13.02.

Requirements regarding environmental clearance, project identification, certification date, confidentiality statement, and certification of need for the right of way and access control by Project Development still apply.

Property owners of these parcels shall be sent some form of "Notice of Decision to Inspect" letter (7-EX-17A) with the appropriate Title VI information and booklet "Your Property, Your Transportation Project." Also, parcel diaries should be initiated and included in the estimate and the file.

A Determination of Just Compensation must be approved in accordance with present approval delegations. They may be prepared and recommended for approval by an Agent of less than Associate grade. It is strongly recommended that Agent preparing the Determination of Just Compensation have a good understanding of appraisal valuation concepts.

Members or candidates of professional appraisal organizations who are assigned to act in the dual capacity of Appraiser and Acquisition Agent should check their organization's Code of Ethics for specific prohibitions and disclosure requirements.

7.02.13.01 Determination of Just Compensation (\$2,500 or Less) - Contents and Requirements

In addition to the documentation mentioned in Section 7.02.13.00, a Determination of Just Compensation valued at \$2,500 or less can be documented with a diary entry. The diary entry should state the basis of the value conclusion, i.e., land value, improvement value, and severance/cost to cure damages. In addition, a photograph(s) of the subject must be included.

7.02.13.02 Determination of Just Compensation (\$2,501 to \$10,000) - Contents and Requirements

In addition to the documentation mentioned in Section 7.02.13.00, a Determination of Just Compensation with a value estimate of \$2,501 to \$10,000 must include the following:

- Determination of Just Compensation Title Page, Exhibit 7-EX-21A
- Parcel Summary Page
- Senior Review Certificate Form - Determination of Just Compensation, RW 7-5B
- Certification of Determination of Just Compensation, RW 7-6A
- Determination of Just Compensation, RW 7-15
- Photograph(s) of subject
- Index map

- Appraisal map

The Certification of Determination of Just Compensation may have to be modified as to the statements concerning comparable sales. It should also contain a statement as follows:

"That I understand I may be assigned as the Acquisition Agent for one or more parcels contained in this appraisal report, but this has not affected my professional judgment nor influenced my opinion of value."

7.02.14.00 Nominal Values (\$2,500 or Less)

Regardless of the type of valuation report prepared, i.e., narrative appraisal report, memorandum appraisal report, or Determination of Just Compensation, if the amount of all property rights or interests is \$2,500 or less, value of the required property shall be shown as "Nominal" in the total valuation amount column. However, calculations shall be shown in the valuation report to illustrate the basis for the \$0 to \$2,500 conclusion. For example, the report will show 0.025 hectares at \$5000/ha = \$125.

The word "Nominal" is carried forward to the Parcel Summary Page; Senior Field Review Certificate, if required; and the Certificate of Appraiser.

As an option to showing the word "Nominal" as discussed above, the Region/District may show the following in a valuation report that is \$2,500 or less:

- A. If the valuation amount is between \$0 and \$1,000 show \$1,000 (nominal) in the amount column.
- B. If the valuation amount is between \$1,001 and \$2,500, show the actual amount rounded to the nearest \$50 with the word (nominal) after the amount.

Under this option the valuation amounts shall be carried forward to the Parcel Summary Page, Senior

Field Review Certificate, and the Certificate of Appraiser.

The Senior Review Certificate shall be prepared substantially as shown on RW 7-5. Minor modifications may be made to suit the approval requirements.

When the reviewing Senior questions an original estimate of value, parcels affected will be marked with an asterisk on the tabulation. The body of the Certificate will contain a brief resumé of the problem and final decisions on each parcel. (Statements of specific amounts of monetary adjustments are not desired.)

NOTES:

7.05.00.00 - METHODS OF VALUATION

7.05.01.00 Value Approaches

The appraisal of all properties will utilize the three approaches to value as appropriate. If an approach is not used, an explanation will be given for the nonapplicability of the particular approach. Even if not required, separate approaches may be used if helpful.

The final reconciliation of value will be made considering the relative validity and reliability of each approach and will be the best estimate of the value of the entire property. The basis of reconciliation and relative considerations will be explained as necessary. Averaging is not a satisfactory reconciliation procedure. Exhibit 7-EX-4 is a suggested format. The final Estimate of Value should be further segregated for total charges to lessee-owned improvements, partial acquisition, joint acquisitions, etc.

Separate approaches and reconciliations for before and after conditions may be required to measure severance damages.

7.05.02.00 Sales Comparison Approach

The Sales Comparison Approach is required in most appraisals. The only exception to this rule is in certain governmental, public utility, or special-purpose parcels under specified circumstances. Comparable data will be fully utilized for direct comparison of total values, land values, improvement values, for information for other approaches, and for damage and special benefit studies.

Gross Income Multipliers are a unit for comparison of income properties and are indicated when there are sufficient sales of similar properties. It is extremely important to use similar properties when employing this method.

7.05.02.01 Comparable Data

The most reliable comparable data are the sales and listings of properties similar to subject parcels. Comparable data are not to be limited to sales and listings or to use in the Sales Comparison Approach. Valuable information may be gained for all three approaches by studies of similar properties

with regard to use and development, well informed opinions, independent appraisals, depreciated values, after condition land use, remainder parcel and excess parcel sales, options, income-expense experience, etc. Each factor or value element in the appraisal which can be supported by comparable data attains greater reliability.

Significant comparable data of all types are expected to be included in the Appraisal Report in support of appraisal conclusions.

Sections 7.02.03.00 M and N contain further information on comparable data.

7.05.02.02 Analysis of Comparable Data

Proper analysis of comparable data in relation to the subject is basic to the Sales Comparison Approach.

The following procedures are intended to help achieve at least the minimum necessary quality in the discussion relating comparables to the subject parcel:

- A. Comparable-data prices may be compared in terms of whole properties. However, to facilitate comparison, reduction of comparable prices to a common denominator or unit of comparison may be desirable. Examples are price per square meter and price per dwelling unit. Applicable adjustments may be made on either the whole property or unit of comparison basis.
- B. The six basic factors of comparable adjustment are:
 1. Property rights conveyed (i.e. conveyance of leasehold interest, etc.
 2. Financing terms
 3. Conditions of sale (i.e., motivations of the buyer or seller)
 4. Expenditures immediately after purchase (expenditures a buyer will have to make immediately upon purchase, i.e. demolition costs, hazardous waste cleanup)
 5. Market conditions (time)

6. Physical characteristics (e.g., location, size, shape, topography, access, etc.)

C. Adjustments to Comparable Data

Accepted appraisal valuation techniques recognize that comparable data analysis and adjustments thereto may consider both quantitative and qualitative factors. Both Caltrans and FHWA appraisal policy recognizes the need to have an appraisal that is well supported and demonstrates a thorough analysis of the elements necessary to arrive at a factual conclusion in the sales comparison approach. To that end, quantitative adjustments should remain as the primary method of adjusting comparable data. However, it is recognized that, in some circumstances, adjustments cannot be easily quantified because of a lack of data on which to determine and apply the adjustment. When this occurs, qualitative adjustments may be permitted with proper explanation by the appraiser within the body of the appraisal report as to why qualitative techniques are being used as opposed to quantitative methods. Qualitative adjustments should not become a matter of routine but, rather, an exception.

1. Quantitative Analysis

Quantified adjustments made to the comparable data shall be substantiated in a narrative analysis clearly presenting the appraiser's reasoning and judgment for each element of comparison. The following elements shall be addressed:

- real property rights conveyed
- financing terms
- conditions of sale
- expenditures made immediately after purchase
- market conditions - i.e., time
- location
- physical characteristics
- income characteristics (for income property)

If no adjustment of any element is needed, a statement explaining the reason(s) shall be included in the appraisal.

It is recommended that the appraiser develop and include in the report a grid sheet summarizing the adjustments and

demonstrating the indicated value of the subject from the comparables.

It is essential that a thorough narrative analysis be made. However, it is expected that minor adjustments, while still requiring quantification, will require less narrative analysis.

2. Qualitative Analysis

A recognized method of applying qualitative adjustments is to rank comparable data according to their degree of similarity to the subject property for the factors such as: location, physical characteristics, and income characteristics (if applicable), etc. The magnitude of the differences may be used to decide which comparables are more reliable indicators of value for the subject property.

A value indication derived with qualitative adjustments will require a more extensive narrative explanation of the appraiser's reasoning than a value indication derived utilizing quantitative adjustments. The extent of narrative explanation required depends on the complexity of the property being appraised. The more complex the property, the more factors that must be considered.

The appraiser may use both the quantitative and qualitative adjustments to comparable data, but not concurrently. Generally, quantitative adjustments are made before a qualitative analysis is performed. Care must be exercised to ensure that the reader of the appraisal report clearly understands the appraiser's reasoning.

D. Sequence of Adjustments

The following sequence for making adjustments is required whenever percentage adjustments are used either solely or in combination with dollar adjustments. The first series of adjustments are sequentially applied with resulting subtotals for each adjustment. After applying the market condition adjustment, all other adjustments for items such as location, physical characteristics, etc., are combined and applied to the market conditions

adjusted price to arrive at a final adjusted sales price.

This sequence is depicted in the following example:

Unadjusted sales price		\$100,000
Adjustment for property rights conveyed	0%	0
Adjusted price		\$100,000
Financing terms	-5%	<u>-5,000</u>
Adjusted price		\$ 95,000
Conditions of Sale	+10%	+9,5000
Adjusted Price		\$104,500
Adjustment for expenditure immediately after purchase		<u>+5,000</u>
Adjusted price		\$109,500
Adjustment for market conditions	+10%	<u>+10,950</u>
Adjusted price		\$120,450
Location	+5%	
Size	-10%	
Shape	-5%	
Topography	-5%	
Access	+5%	
Net Adjustment	-10%	<u>-12,045</u>
Final Adjusted Sales Price		<u>\$108,405</u>

7.05.03.00 Assessor's Office Data

Under Section 408 of the Revenue and Taxation Code (AB 82-Chapter 1641), County Assessors are required to provide information, abstracts, or access to records to Caltrans staff appraisers "pursuant to their authorization to examine such records."

The code provides that Caltrans will reimburse the Assessors for their actual costs incurred in furnishing data pursuant to the code. These costs and the resulting charges to Caltrans can vary from county to county.

The obtaining of data and arrangements as to fees involved should be handled directly between the Region /District and the Assessor's Office involved.

7.05.04.00 Cost Approach

The Cost Approach is required in the valuation of improved properties where income and market data are nonexistent, limited, or inconclusive. In the valuation of improved properties where there is sufficient comparable data to estimate the value of the property by the market and income approaches, the Cost Approach is optional. However, the Cost Approach may still be appropriate and advisable in these cases for reconciliation with the Income and Sales Comparison Approaches. The Cost Approach is not required for the valuation of minor improvements and improvements that have only interim, salvage, or a negative value.

An analysis and support of depreciation must accompany the Cost Approach. The basis for the "cost new" estimates must be supported by acceptable cost sources. This applies to the valuation of buildings, structures, machinery and equipment and all other improvements pertaining to the realty defined in Code of Civil Procedure Section 1263.205.

Support of the cost new estimates with acceptable cost sources applies to all appraisals using the Cost Approach prepared by either staff or independent appraisers, including separate specialty-type appraisals (e.g., machinery and equipment). The same support for cost estimates also applies to cost-to-cure damages.

The following are some of the cost-new sources which are acceptable:

- Recent actual construction costs of similar improvements.
- Cost data services (e.g., Marshall & Swift).
- Architects, engineers, contractors, builders and supplier estimates.
- Actual written bids from contractors, engineers, suppliers, etc.
- Manufacturers' catalogs.

When estimates from architects, engineers, contractors, etc., are used as cost sources and the estimated cost new of any improvement is substantial, a secondary cost source must be used as collateral support. If more than one cost source

is used and the costs differ, the appraiser must furnish rationale for the final cost estimate.

When a cost-data service such as Marshall & Swift is used as a cost source, the appraiser must show the page, section, and date of each reference, together with support for any adjustments used in estimating the cost new. Cost references must be identified or referenced on an item-by-item basis in the Cost Approach. Exhibit 7-EX-5 is a suggested format for displaying the Cost Approach.

7.05.05.00 **Income Approach**

The Income Approach is appropriate and usually required for valuation of properties that are bought and sold in the market on the basis of income.

There may be instances where there is sufficient comparable data to very clearly support the value indicated by the Sales Comparison Approach without the need for analysis by other approaches. This would most often occur with smaller residential income properties. Use of the Income Approach in those cases is optional. However, its use may still be appropriate as a check against the other approaches. In most cases involving income property, inclusion of an Income Approach is expected.

The Income Approach is not required for minor partial acquisitions with no severance damages, which have little or no effect on the income stream and where there is no necessity for entire property valuation.

When the Income Approach is used, documentation to support each element, including income, expenses, and rate(s) must be included in the Appraisal Report. If possible, the same comparable sales used in the Sales Comparison Approach should be analyzed in sufficient detail to reflect these elements. If these sales cannot be utilized, other comparable data must be gathered and analyzed to obtain the necessary information. These data or a detailed summary must be included in the Appraisal Report.

Where economic rent varies from existing or contract rent, the increase or decrease shall be explained and supported by market information.

7.05.05.01 **Income Schedule**

A schedule of actual and fair income will be included as a supplement. The schedule will show the rental basis including furniture or utilities supplied, and the reasons for adjustment to fair rents. It will also include significant leasehold terms and conditions and may include a Gross Income Multiplier valuation. An example for an income residential property is Exhibit 7-EX-7, which also provides basic relocation assistance information.

7.05.06.00 **Review of Owner's Claimed Out-of-Pocket Expenses**

The Acquisition Branch must verify any payment to reimburse owners for out-of-pocket expenses claimed to be incurred by the development of property when development is interrupted by State's Acquisition. (See Chapter 8.) This will include appropriate audits, and, if necessary, review by the Regional Legal Office. However, the Acquisition Branch should request the Appraisal Branch to assist in the review of the reasonableness of the expenses claimed by the owner. This review will be to determine whether or not any of these expenses claimed have already been considered and included in the appraisal. This review should eliminate any duplication of payments.

7.09.00.00 - DAMAGES, BENEFITS, CONTRACT WORK

7.09.01.00 General

The possibility of damages and benefits will be investigated in every partial acquisition. This investigation will include local market data, similar after condition land development, and other applicable sources.

Any damages and/or benefits will be supported, and clearly documented in the parcel appraisal. Severance damages and benefits will be shown as separate totals. Benefits, if any, will be subtracted from severance damages. Any net benefits or damages will be shown separately.

The results and support of the investigation which reveals that no damages and/or benefits occur must be shown in the Report. Such a study may materially assist negotiations in cases where unsubstantiated claims for damages might be made.

Benefits which result because of construction of the project in the manner proposed should be described, valued, and supported even though no damages result. The benefits may presently be incapable of being valued. The nature of the benefits should then be described in the appraisal. Legal opinions should be secured when there is a doubt regarding compensable damages or the distinction between general and benefits.

If the appraisal contains noise damage, written assurance from Project Development will be included stating that no noise attenuation measures are included in the proposed construction plans.

7.09.02.00 Severance Damages

Severance damage is a loss in value of remaining property after acquisition and construction in the manner proposed. Severance damages are valued by appraisal of the remainder as a portion of the total property in the before condition and as a remainder in the after condition (disregarding the benefits of the construction project). The remainder is considered damaged if worth less after the project construction because of a legally compensable reason. The after value appraisal requires the same support as the before value appraisal. Consideration should be given to when the

damages will occur (Code of Civil Procedure Sections 1263.420 and 1263.440).

The parcel appraisal must state specifically the reasons for the severance damage and discuss the comparable data or investigation results supporting the severance damage estimate. Comparable data used will be referenced under the heading "Market Data (After)."

Generally, any severance damages to a larger parcel functioning as a unit, especially under an agricultural use, will be measured by any decrease in market value of the remainder(s) (People vs. Lundy). Under very narrowly described circumstances, damages to the continued operation of the remainder(s) as a unit may be considered (People vs. Cozza). These are such items as increased cost, difficulty and hazard. If this form of damages is considered applicable, the Region/District must furnish particulars to HQ RW Appraisal Branch, and request a legal opinion prior to completion of the appraisal. Based upon the opinion, HQ RW will advise the Region/District what damage elements may be vouchered for Federal participation (if applicable) and which are to be excluded. Care must be exercised to ensure that ineligible damages are excluded from the "Voucher Claim" column of the Parcel Summary Page.

Damages to the remainder caused by either or both the severance of the remainder from the part taken, and the construction and use of the project for which the property is taken in the manner proposed by the plaintiff, whether or not the damage is caused by a portion of the project located on the part taken, are compensable. Code of Civ. Proc. 1263.420.

7.09.03.00 Noncompensable Damages

The following types of damages have been found by the courts not to be compensable, or in certain respects may be compensable only under laws other than those of eminent domain. Therefore, they should not be included in staff real property acquisition reports:

A. Damages to business

However, loss of goodwill is compensable if proven by the owner. Handling of such losses is treated under Section 7.17.00.00.

B. Expenses for moving personal property

However, displaced property owners and tenants may be entitled to payment for moving personal property under the Relocation Assistance Program.

C. Temporary damage to the use and occupancy of property reasonably incident to construction requirements. Unnecessary and substantial interference may be compensable.

D. Damages due to annoyances and inconveniences suffered by the public generally.

Exceptions to this may be diminution in property value of the remainder caused by noise, fumes, and/or other annoyances inherent in the daily use of a freeway.

E. Circuity of travel caused by dividing a highway.

F. Rerouting or diversion of traffic or changing of a two-way street to a one-way street.

G. In general, all those types of damages which can be considered to be conjectural, speculative, and remote.

7.09.04.00 Cost to Cure

Some severance damage may be mitigated or entirely eliminated by estimating the cost to cure the damage.

The appraiser must first show the total estimated severance damages to the remainder which would occur if not cured. Then there must be an estimate of the cost to cure which may not exceed the estimated severance damages. Since cost to cure damages are severance damages, they are to be offset by any benefits.

The sources used for the estimated cost to cure must be shown in the appraisal report in accordance with Section 7.05.04.00 relating the documentation of cost estimates. Cost to Cure is a "method" of measuring all or part of the severance damages that may be incurred.

7.09.05.00 Benefits

Benefits are valued by appraising of the remainder before and after the taking and highway

construction of the project in the manner proposed. Consideration should be given to when the benefits will occur. (See CCP Sections 1263.430 and 1263.440)

The appraiser must provide the reason with adequate support for any estimated benefits.

Benefits are to be offset against any severance damages in the Report. When excess benefits remain after the offset against severance damages, the excess benefits shall be shown in the Report. Benefits can be used to offset any loss of goodwill that may occur to a business located on the property if owned by the fee owner. (See CCP Section 1263.410)

Also, if benefits are estimated to occur to the remainder, such benefits will be quantified and shown in the appraisal report even though there are no severance damages to the remainder.

7.09.06.00 Summary of Severance Damages and Benefits

Severance damages and/or benefits shall be summarized on a before and after value basis in the appraisal report. Form RW 7-12 shall be used for the summary.

In cases where severance damages and/or benefits are relatively minor, it will not be necessary to include a before and after value summary.

7.09.07.00 Damage Alternatives

The "Summary of Damage Alternatives" and "Discussion of Damages" (Exhibit 7-EX-6) is a suggested format to be used in comparing practical alternative damage approaches and discussing damage elements.

The "Discussion of Damages" will be used in cases where damages, other than minor adjustment curative work, are present. The Summary may be used when necessary for clarity.

If no feasible curative work alternative can be proposed to mitigate severance damages, the Discussion of Damages will so state. If severance damage estimates by before and after appraisals are inconclusive, or are impractical due to the size or nature of the remainder, or the cost of curing the severance is the best measure, the Discussion will

give the reasons for the approach used. If the severance damages are valued by market comparison, the Discussion will reference the comparable data used and explain the comparison. If the market data are inconclusive as a basis for estimation of damages, the Discussion should include a description of the scope of the market investigation and the reason supporting the opinion of damages.

These formats should be used to substantiate purchase of excess land except for: (1) landlocked remainders, (2) properties with major improvements straddling the right of way line, (3) sites reduced below zoning minimums, (4) public utility or governmental properties. Even in these exceptions, comments should describe investigations of curative work possibilities and reasons for rejections.

7.09.08.00 Utility Service Damage

The grantor must be fully compensated for all justified damages due to relocation of utilities including payment for severing water, sewer, and gas lines and wiring extending into the right of way area, if such work is to be performed by grantor.

7.09.09.00 Construction Contract Work

Occasionally, work in or outside of the highway right of way is required to restore the utility of remaining property (i.e., cattle pass, utility sleeve, road/driveway approach) and may most economically and/or practically be done by the State's highway contractor. The work and cost will be described as "Construction Contract Work." The feasibility and cost of the proposed work must be estimated or verified by Region/District Project Development prior to submission of the appraisal. The sources for other than small, routine estimated costs will be included in the Report and documented in the Region/District's appraisal file. The cost must be justified by the value of the remainder and must be less than the potential damage which would occur if the construction work was not done.

Only work for grantor's benefit to the remainder is valued as "Construction Contract Work." It is a form of a damage payment. Work of greatest benefit to the public or required by the highway construction will not be classified as "Construction Contract Work."

The appraisal must clearly show the computations and explain the reasons for proposing construction contract work not being offset when benefits are present. Minor construction contract work for driveway reconstruction, domestic utility reconnections, etc., should be proposed regardless of benefits being present.

Construction contract work also includes curative work for a remainder which is to be performed by a right of way Clearance contractor or public utility agency. The feasibility and cost of the proposed work will be estimated or verified by the Region/District Property Management or Utility Clearance Branches prior to submission of the appraisal.

The Appraisal Page will show a "Construction Contract Work" heading for all partial acquisitions. The heading will show the remark "None Required," or a description and valuation of required construction contract work, including proposed engineering station location. The total of all construction contract work will be carried forward to the Parcel Summary Page.

Construction contract work can benefit more than one property. The total amount will be split among the various properties at the amount of benefit each receives. A reference will be made in each parcel appraisal that the construction contract work benefits other parcels.

7.09.10.00 Utility Main Relocations

Relocation of utility transmission lines up to the point of owner's service is usually included in agreements with the utility company. Such relocations need not be considered in the parcel appraisal, with the one exception of extension of utility mains for the sole benefit of few properties remaining after State acquisition. In these cases the utility main relocation costs must be justified by the values of the affected remainders.

If payment of severance damages or purchase of remainders is less costly, it should be proposed.

7.09.10.01 Private Utility Connections

The relocation of private connections can be handled in one of the following ways:

- Reconnection by the grantor through a damage payment.
- Reconnection by the utility company as part of the utility agreement.
- Reconnection by the highway contractor.
- Reconnection by a right of way clearance contractor.

The appraisal is to anticipate how private relocations and reconnections are to be accomplished, whenever possible. The estimated cost for work performed by the grantor will be shown as a "Damage." Reconnection by any other means will be shown as "Construction Contract Work." If construction plans or utility company plans are incomplete, the appraisal will describe the various utility services and discuss possible relocation and reconnection requirements, problems, if any, and estimated costs.

It will also describe the parcel's utility sources and possible relocation requirements, if any. These instructions include grantor-owned well water, sewerage, and other utility systems.

7.09.11.00 Access Openings

All proposed openings in access restrictions which allow direct private access to the highway (either permanent, temporary, or locked gate) will be listed on the Appraisal Page under the heading "Access Openings." Do not list public road openings included in Freeway Agreements. Do not list, under this heading, road approaches from conventional highways or frontage roads. Costs will be valued under "Damages" or "Construction Contract Work" if appropriate.

All access openings must be confirmed by Region/District Project Development. The necessity for locked gates or temporary openings must be fully explained in the parcel appraisal. All listed access openings will be properly delineated on the Appraisal Map and included on the List of Access Openings in the Appraisal Report.

7.13.00.00 - SPECIAL APPRAISAL REPORTS

7.13.01.00 General

Some special appraisals shall be prepared in separate Reports. Such Special Reports may have modified formats, and follow modified review and approval processes as discussed below. These Special Reports include appraisals for material and disposal sites; sites for maintenance stations, shops, and offices; joint acquisitions by Caltrans and other public agencies; and inverse condemnation actions.

7.13.02.00 Material Site Appraisals

If a material site is to be acquired in conjunction with a right of way acquisition, both requirements will be appraised as a whole, and separated into two reports.

The "Introduction" will include economic justification for purchase of the site as compared with the cost of securing the material by royalty agreement. The approximate quantity of material to be taken from the site should be noted. A comparison can then be made as to the equivalent cubic meter cost should the material be secured by materials agreement. The going price for similar material in the vicinity on a metric basis should be indicated. The estimated salvage value of the land after removal operations have been completed shall also be shown.

The format, content and approval process is the same as any other regular acquisition appraisal.

The appraisal will contain the following information:

- A. A statement by the Region/District Materials Engineer as to the quantity and quality of the material.
- B. The name of the office originating the request (Construction, Project Development or Maintenance).
- C. The termini of the project or projects on which the material is to be used.
- D. The budget or program in which the project or projects may be found (if there is a specially voted project by the California Transportation

Commission, so state and indicate the date of the vote).

- E. The average haul distance from the site to the project or projects, or to that portion of the project or projects on which the material is to be used.
- F. A statement that the location of the material site does not violate any of the provisions of the Standard Specifications (prohibiting excavation which would result in scars which will present an unsightly appearance from any highway). If the provisions of the Standard Specifications cannot be complied with, a statement must be included to the effect that the Region/District will take such action as is necessary to correct any unsightly appearance.
- G. A statement that the location of the material site is not in violation of any ordinance or zoning regulations.
- H. Approximate date of termination of use.

7.13.03.00 Disposal Site Appraisals

If a disposal site is to be acquired in conjunction with a right of way acquisition, both requirements will be appraised as a whole and separated into two Reports.

The introduction should include the same information as listed for materials sites under 7.13.02 B through H.

7.13.04.00 Office and Maintenance Station Site Appraisals

Appraisals of new sites for maintenance stations, shops, or office buildings shall be separate Reports.

If the site is to be acquired in conjunction with a right of way acquisition, both requirements will be appraised as a whole even though separated into two Reports. All other appraisals not a part of a right of way project will be in the standard format and content with the same approval process as a regular acquisition appraisal.

7.13.10.00 Joint Acquisition Appraisals

The Department may enter into Cooperative Agreements with other public agencies for purchase of property for other public purposes. The date and title of the Cooperative Agreement will be referenced in the Report. The highway requirements and the other agencies' requirements will be shown separately with the appropriate values distributed to each in accordance with the agreement.

The appraisal will assume that all agencies' acquisition and construction occur together and no damages or benefits caused by one shall affect the before value of the other. This does not preclude proper apportioning of damages occurring to remaining property due to specific construction features of one. Similarly, benefits due to the construction project of one agency may be used to offset damages caused by the other.

If the Cooperative Agreement provides for specific proportions for sharing right of way costs, these proportions will be used in the Report and shown on the Appraisal Page.

Legal opinions should be obtained before condemnation of joint acquisitions.

7.13.20.00 Protection Appraisals

Potential protection acquisitions require prior approval by Project Development and Construction. Upon receiving authority, the Region/District shall proceed to prepare an appraisal covering this acquisition. The appraisal will be prepared the same as a regular program appraisal but identified as a "Protection" appraisal.

Appraisals submitted for HQ R/W approval must contain a reference to the date of the approval authorizing the protection acquisition. Any special funding approval must also be noted in the Report.

7.13.30.00 Appraisals for Other Agencies

Appraisals prepared for other State or Local Agencies will be comparable in format and documentation to that of a staff appraisal for the Department except where the agreement with the agency specifies a different product.

7.13.40.00 Staff Litigation Reports

An appraisal for condemnation or inverse litigation testimony shall be of sufficient detail, consistent with legal and professional requirements for format and documentation to present a clear and accurate opinion of value. The staff appraiser will be furnished all data that would be furnished a contract appraiser at the time of the assignment. A Report Analysis Form (Exhibit 7-EX-18) will be prepared. Condemnation appraisals are to be completed at least 60 days prior to the trial date and forwarded to the Legal Division.

If the Legal Division requests preparation of a staff independent appraisal for purposes of inverse litigation, the report will conform to the same standards as a condemnation report, but will show the phrase "Inverse Condemnation Appraisal" on the front cover. A description of the claim will be included.

The following two statements will be included in the Certificate of Appraiser.

- A. "This report is pursuant to the request of and for the confidential use by the Legal Division for the purpose of defending the State.
- B. Valuation conclusions are the result of using given legal assumptions for analysis purpose only and in no way imply acceptance or rejection of the validity of the claim to which this report relates."

7.13.50.00 - UTILITY, RAILROAD AND GOVERNMENTAL OWNERSHIPS

7.13.50.01 Public Utility Property

Property owned in fee by public utilities (including governmental utility agencies, irrigation district/regions, and flood control district/regions) may be subject to special appraisal treatment, including the purchase of replacement land for exchange, where necessary. If the public utility and the State have entered into a master agreement at variance with instructions, the master agreement will prevail. In these cases, the title and date of the master agreement will be noted in the appraisal. Appraisers should first confer with the Utility Branch when assigned public-utility owned parcels to appraise.

7.13.50.02 Fee Land

- A. If joint use of fee-owned property is proposed, the land required for highway use will be appraised at the market value of the underlying fee. This envisions the land utilized by the utility facility has a secondary use. For example, an electric tower line traverses a property. The area under the line may still be used for agriculture, parking or residential plottage.
- B. If the State proposes to replace the land in full required by exchange, land value of the fee-owned parcel should be shown as zero (Market Value may be shown in "Remarks"). In Remarks, describe the location and parcel numbers of the replacement land, if determined.

When the State is replacing the fee-owned utility right of way with a replacement right of way that is not as wide as the existing utility property being acquired, the valuation approach will be the same as set forth in Section 7.13.60.01 for valuation of railroad operating right of way.

- C. If the public utility proposes to acquire the replacement property, the land value should be the market value of the minimum requirements of the replacement property. The basis of the valuation and description of the replacement property must be fully documented in the appraisal.

- D. If the public utility proposes to abandon the use of the property without replacement, market value would be paid for the required property considering the property clear of the public utility use. Cost of abandonment and removal of improvements may be covered by utility agreement.
- E. Public utility corporation yards, shops, office and other proprietary properties will be valued by normal methods.

7.13.50.03 Improvements

Relocation of buildings, equipment, and lines involved in the utility production or transmission will normally be handled by utility agreement and need not be included in the appraisal unless the acquisition or relocation of improvements is proposed for payment under right of way contract.

7.13.60.00 Railroad Property General Prerequisites

Appraisals of railroad-owned properties which are not connected with railroad operations do not require special handling. All appraisals involving railroad-operating properties connected with rights of way, depots, station grounds, or public team tracks, etc., are to be submitted to HQ R/W for review and approval, regardless of the monetary amount involved.

Proper handling of railroad properties requires a high degree of coordination between numerous departments, including Legal, Structures, Project Development, and Right of Way. The following prerequisites apply:

- A. Upon assignment of a railroad property appraisal, the appraiser shall first confer with the Region/District Railroad Agent.
- B. Railroad appraisals are to be submitted on a construction project basis including all of the takings from the railroad ownership in a single appraisal.

- C. Due to extraordinary lead time requirements, operating right of way appraisals must be submitted a minimum of 24 months prior to the project certification date. Single transverse crossings of railroad right of way which do not require substantial relocation of rail facilities are excepted from this requirement and may be submitted one year prior to the certification date. Any other exception to this policy must have prior approval of HQ R/W.
- D. The appraisal shall include a general description of the items which are proposed to be covered by a future construction and maintenance agreement or service contract.
- E. In all cases where more than a nominal consideration is proposed, the appraisal will include a clear statement describing the property rights held by the railroad in the property being acquired.

7.13.60.01 Valuation of Railroad Properties

Takings from railroads may involve complex legal and appraisal problems in determining fair-market value. Whenever it becomes apparent that unusual problems exist or there is a problem with defining whether the property is operating or nonoperating right of way, the Region/District should confer with the Region/District Railroad Agent, or if necessary, HQ R/W. In most cases, the following guidelines may be used:

A. Appraisals of Railroad-Owned Lands

1. Operating right of way:

- a. Where the State proposes replacement of the required land or facility, the part taken will be assigned a nominal value. A description of the replacement land will be included in "Remarks" and delineated on the Appraisal Maps.

When the State is replacing the operating right of way needed for the project with a right of way that is not as wide as the existing operating right of way, generally,

only the portion replaced will be assigned a nominal value. For example, assume the existing operating right of way is 24 meters wide and the State is proposing to convey an 18-meter-wide right of way to the railroad company as the replacement right of way. Under this circumstance, the appraisal will show 18 meters of the existing operating right of way at nominal (because it is being replaced). The remaining width, 6 meters in this example, will then be handled in one of two ways:

- 1) If the additional width of the existing right of way is required only because of uneven topography (slopes, etc.), it will also be valued at nominal.
- 2) Otherwise, the additional width will be appraised at market value.

The appraisal report will show as follows (on Form RW 3-02):

Total area taken -
24 m x 152 m = 3,648 m²

Area being replaced -
18 m x 152 m - (2,736 m²) = nominal

Area not being replaced -
6 m x 152 m - (912 m²)
@ \$50.00/m² (market value)= \$45,600

Est. Total Value= \$45,600

However, if the existing operating right of way is 24 meters wide because of an adverse terrain condition (cut or fill) and the replacement right of way is on level ground thus only requiring 18 meters right of way to replace the utility of the existing operating railroad facility, then

the total area being acquired of 3,648 m² will be assigned a nominal value.

If the railroad company requests that the State acquire and convey a replacement right of way which is wider than their existing right of way to be acquired by the State for the project, then the appraisal will show the extra width at market value to be paid for by the railroad company in the exchange transaction.

The appraisal report will show as follows (on Form RW 30-02):

Total area to be acquired -
18 m x 152 m = 2,736 m²

Replacement right of way -
24 m x 152 m = 3,648 m²

Right of way take -
18 m X 152 m - (2,736 m²) @ nominal

Replacement area in excess of take-
6 m x 152 m - (912 m²) @ \$50.00/m²
(market value) \$45,600

Total amount to be paid to the State by railroad company \$45,600

However, if the replacement railroad right of way is 24 meters wide because of adverse terrain condition (cut or fill) and the replacement right of way merely replaces the functional utility of the existing operating railroad facility, then the appraisal will show nominal value for an even exchange.

Width with utility will be the criterion. Length and area alone will not.

If the total area of the replacement right of way is different from the total area of the existing operating railroad right of way to be acquired for the project merely

because of the different lengths of the two rights of way, the appraisal will be nominal value as stated in the first paragraph of this Section.

- b. Where the State does not propose replacement of the required land, the longitudinal takings will be appraised at fair-market value. An example of this type of taking occurs when the State is acquiring a longitudinal strip of existing operating railroad right of way and the railroad company is able and willing to continue its operations without any replacement right of way; e.g., the existing right of way is 24 meters wide and the State needs a 6 meter strip for the project and replacement right of way is not required.
- c. Where portions of the operating property may reasonably be converted to other uses by minor adjustments of facilities without affecting the railroad service, the taking will be appraised at market value, reflecting the costs of conversion.
- d. Transverse crossings (and construction easements) for transportation projects, where the railroad retains operational utility of the land, will be assigned a nominal value, except as follows:

Where some portions of the railroad's operating property, such as air or subsurface space, may be reasonably usable for valuable non-transportation uses or for other transportation uses, and these uses are reasonably probable and will suffer interference by our transverse crossing, that effect is to be appraised and reflected in the valuation.

Modification of trackage will be handled by Construction and Maintenance Agreements or Service Contract.

normal appraisal methods, with depreciation and salvage value given full recognition. Improvement valuation shall not include trackage.

- e. Some transverse crossings may be skewed in relation to the railroad right of way and their design also include areas of longitudinal taking. In such cases, the transverse and longitudinal areas must be segregated and valued appropriately.
- f. Longitudinal takings within existing structural transverse easement areas will be appraised at market value. The effect on land uses or values because of the existing highway-railroad grade separation structure, within the new longitudinal easement area, will not be considered in estimating the market value of the longitudinal taking. The reasoning behind this premise is that if the original transverse crossing easement was obtained at no cost to the State and provided no benefit to the railroad, the new longitudinal taking should be paid for by the State.

2. Nonoperating railroad lands:

Land considered to be in excess of the railroad's present or future operating needs will be appraised at market value. Where the property is not capable of independent use or development, the appraiser should consider any potential use of the property as plottage or joinder with the adjacent properties.

B. Appraisals of Railroad-Owned Improvements

- 1. Railroad improvements being acquired without replacements or relocation and lessee-owned improvements on railroad properties will be valued using

- 2. Improvements which are to be relocated or replaced under the terms of a construction and maintenance agreement will be described and assigned a zero value.
- 3. Trackage will be handled by construction and maintenance agreement or service contract.

7.13.60.02 Definition of Nominal

In railroad valuations, the term "nominal" is intended to remain consistent with the parameters set forth in Section 7.02.14.00 except when valuing Transverse Crossings, wherein "nominal" is \$1,000.

7.13.70.00 Governmental, Indian, Functionally Replaced Publicly Owned Facilities, and State Land

- A. Federal public lands, including national forests, will be appraised at zero land value, unless the Region/District believes land value may become an issue during acquisition. In this event, the land is to be appraised and shown at market value.
- B. Federal military reservations and Federal reservoirs, canals, and flood control channels will normally be appraised at zero land value unless the Region/District believes value may become an issue during acquisition. In this event, the land is to be appraised and shown at market value.
- C. Federal General Services Administration properties will usually be appraised at market value. There may be circumstances where the property will be conveyed at zero value if the use as a highway is compatible and a benefit to the Federal facility.
- D. State School Lands will be appraised at market value.
- E. Indian tribal and allotted lands will normally be conveyed as easement title

only and will therefore be appraised at market value less one dollar.

F. All other federal, state, county, special district, school district, and city lands will be appraised at market value except:

1. If State will purchase the replacement property and functional replacement of improvements is proposed, and the owning agency has waived its right to have an estimate of compensation for the acquisition parcel established by the appraisal process in preference to functional replacement, the subject acquisition parcel will be valued at zero value. It will be necessary that there be compliance with all provisions of 23 CFR 712.601, et seq. (see Acquisition Chapter 8 and Exhibit 8-EX-34).

The parcel numbers of the replacement land will be noted if available and the valuation basis discussed. The market value of the subject land will be included for information in "Remarks."

It will always be necessary for the Appraisal Branch to supply cost-estimate data for the acquisition property. These data are for inclusion in the submittal to FHWA seeking their concurrence in functional replacement. This will normally occur during the project-development stage of a project.

2. If acquisition of replacement property by the governmental agencies is proposed, the value of the minimum requirements of the proposed replacement property may be used as land value of the subject. The basis of valuation and description of the replacement property will be fully

documented in the appraisal. The market value of the subject land will be included for information in "Remarks."

These instructions do not preclude donation, dedication, consent to joint use, or transfer of possession and control, without consideration, from any public agency to the Department for highway purposes.

City streets and county roads closed by freeway agreement will not be valued except as to the underlying fee for adjacent properties, if separate valuation of the underlying fee is necessary. Normally, the underlying fee is valued at \$1 because the public has full control over the surface use and the only rights the underlying fee owner has is one of a reversion. See Section 83 of the S&H Code.

NOTES:

7.14.00.00 - EXCESS LAND APPRAISALS

7.14.01.00 General

Requests for excess property valuations will originate in the Excess Land Branch or the Acquisition Branch. A copy of the written request will be included in the Report.

Excess land appraisals, Market-Value Determinations, and estimates may be prepared by a Right of Way Agent, Range B, provided the Agent's qualifications are commensurate with the complexity of the valuation problem.

At the discretion of the DDC-R/W, Market-Value Determinations and Public Sale Estimates of market value may be prepared by an agent assigned to the Excess Land Branch. However, the Market-Value Determination must be reviewed and recommended for approval by a Senior Right of Way Agent assigned to the Appraisal Branch.

When the same agent prepares the Market-Value Determination or Public Sales Estimate and conducts the sale, RW 7-17A, Certificate of Market-Value Determination, must be revised. It should contain the following statement:

"That I understand I may be assigned as the sales agent for one or more parcels contained in this report, but this has not affected my professional judgment nor influenced my opinion of value."

Only in the instances cited above, may an excess land valuation be prepared by an agent assigned to the Excess Land Branch.

7.14.01.01 Sale

Excess property can be sold by the following methods:

- A. Public sale by auction or sealed bid.
- B. Private auction or sealed bid sale between adjoining owners.
- C. Direct conveyances.
 1. Direct sale to adjoining owner (Findings "A" and "B.")

2. To other governmental agencies.
3. To Public Utilities.
4. By Cooperative Agreements.
5. Pursuant to Legislation.
6. To qualifying occupants under certain statutory requirements.
7. Exchange pursuant to a contractual obligation.

D. Transfer of Control and Possession.

7.14.01.02 Valuations

There are three basic types of excess land valuations. They are Public Sale Estimates, Market-Value Determinations, and Market Value Appraisals.

Dual market value appraisals are required for excess land parcels of \$500,000 or more that are proposed for direct sale to private parties. A dual appraisal is not required if the proposed sale is a direct sale to a public agency. Exceptions may be made by HQ R/W for noncontroversial direct sales to private entities.

When dual appraisal reports are required, one must be prepared by an independent fee appraiser and the other may be prepared by a Caltrans journey-level staff appraiser or higher.

7.14.02.00 Review and Approval of Excess Land Appraisals and Public Sale Estimates

A field review of the subject and comparable data by the Appraisal Senior is required prior to recommendation of the estimate for approval. All valuations shall be approved in accordance with the current delegations.

7.14.03.00 Public Sale Estimates

A Public-Sale Estimate will be prepared for all excess parcels to be sold by public sale, except where a market-value appraisal has already been prepared. It is an estimate of current market value, in brief

written form, containing the minimum reasonable parcel description, value analysis and supporting data. While the intention is to complete the estimate as rapidly as possible, it is also important that the appraiser strive for a reasonable level of quality and accuracy.

It is intended to provide the Excess Land Branch with an estimate of market value in the least possible time. The estimate will be used as the basis for setting the minimum bid on property to be offered at public sale.

This estimate of market value is to consider the parcel at its highest and best use as a separate parcel. It must consider present zoning as it affects the value for such use, along with the potential for rezoning.

The full market effect of all damages and benefits including noncompensable damages and general benefits must be considered. Also consider the economic effect of delay in the use of the property pending completion of construction of the transportation project.

7.14.03.01 Format

The Public Sale Estimate Report should usually be prepared in the format of Exhibit 7-EX-15 and have map(s) attached.

7.14.03.02 Content

The report may be typed, but a legibly written, reproducible estimate is acceptable. The essential items to appear on the page are:

- Excess property identification (Region/District County, Route and Director's Deed number, Excess Land parcel number(s) and property address).
- Zoning of the property.
- Highest and Best Use of the property and comment in support thereof.
- A brief narrative description of the subject (including improvements), and its neighborhood setting.
- A description of easements or other legal encumbrances.

- A brief statement about the supporting data used.
- A brief analysis.
- Market Value Estimate, including separate land and improvement values if applicable.
- Date of value.
- Estimator's name, signature and date.
- Senior Appraiser's name, signature and date.
- Approving Right of Way Agent's name, signature, title and date.

7.14.03.03 Examples of Supporting Data:

- Primary

- a. Comparable sale(s).
- b. Comparable listing(s).

- Secondary

Market value opinion(s) from:

- a. County assessor or staff appraisal members.
- b. Real estate brokers or sales persons.
- c. Real estate developers.
- d. Real estate buyers and sellers.
- e. Real estate appraisers, public or private.
- f. Other people with credible knowledge about real estate values relevant to the subject.

- State excess land sales

7.14.04.00 Market-Value Appraisals - General

A Market-Value Determination or a Market-Value Appraisal will be prepared for all properties to be sold at other than a public sale. "Market Value" is defined as the value of the parcel at its highest and best use, which may be as plottage to adjoining property. The Market-Value Determinations or

Market-Value Appraisals must consider the full market effect of all damages and benefits, and the economic effect of delay in the use of the property pending completion of construction of the transportation project.

There are some specific valuation concepts and considerations associated with Excess Market Value Appraisals.

- A. Excess property with a highest and best use as plottage (joinder) to an adjoining property will be appraised at the amount it adds to the value of the adjoining property. The before and after valuation method will be used. Thus, the adjoining property will first be appraised as a separate parcel and then as a combined parcel with the excess property. The difference between the two values will be the market value of the excess parcel. Where the excess parcel is a minor remnant, likely to add a value of \$5,000 or less, a simple approximation of the value of the adjoining property is sufficient or this may be omitted entirely.

In valuing the combined parcels, the appraiser should consider the appropriate costs of physically joining the excess property with the adjacent property. For example, assume that there is a substantial grade difference between the excess and the adjacent property. Also assume that the comparable data indicates that the combined parcel would sell for \$100,000 if the two parcels were essentially at the same elevation. Assuming that it will cost \$10,000 to bring the two parcels to an elevation where they could be developed together, the amount of \$10,000 would be an appropriate deduction from the \$100,000 value.

When the excess parcel being valued adjoins more than one ownership, it will be appropriate to indicate the value of the excess parcel as plotted to each of the adjoining ownerships. The value as shown on page 1 of the Excess Land Market Value Sheet (Form RW 7-18) will be that which is the highest value. Lower values considering plottage to other adjoining ownerships may be indicated by notation on the Excess Parcel Market Value Sheet or attachment thereto.

In plottage situations, the appraisal will include a map showing the excess and all adjoining ownerships.

When an adjoining property(s) requests decertification of right of way, the appraised value will not be reduced by the costs of relocating or reconstructing any necessary highway facilities such as freeway fencing, drainage facilities, slopes, landscaping, etc.

The buyers of decertified right of way must pay for necessary costs of rearranging utilities, fencing, landscaping and other improvements which may be affected by the decertification.

- B. Utility easements to be conveyed to utility companies will be appraised at market value.
1. If the valuation amount is between \$0 and \$1000, show "nominal" in the amount column.
 2. If the valuation amount is between \$1001 and \$2,500, show the actual amount rounded to the nearest \$50, or, show "nominal" followed by the amount shown in parentheses.
- C. Access rights will be valued at the difference between the values of adjoining property with and without encumbrance of the access rights.
- D. Current market data are normally the best comparables. State sale comparables may be used if they meet normal criteria of comparability in time, desirability, market transaction, etc. State sales may best be used to demonstrate damage-benefit relationships between a State sale and contemporary market data in its locality. This relationship may be helpful in applying similar damage-benefit ratios to local market data and the subject parcel.

7.14.04.01 Market-Value Determination of \$10,000 or Less

An appraisal is not required if the Region/District determines one is unnecessary because the valuation problem is uncomplicated and the fair-market value is estimated at \$10,000 or less based on a review of available data.

The Market-Value Determination (MVD) is not an appraisal and is to be used to document the fair-market value of the excess land to be disposed of.

The determination as to which parcel is uncomplicated rests with the Region/District. Among criteria to be considered in making the determination are:

- A. There is no serious question as to highest and best use.
- B. Adequate market data is available.
- C. Substantial enhancement value to adjoining parcel will not occur with the joinder of the excess parcel.

An MVD cannot be used for a valuation problem that is considered complicated and/or complex, regardless of value.

The Market-Value Determination may be based on a review of available relevant data, such as comparable-sales data or listing data, including sales already in the Region/District files, comparable data and multiple-listing service data, opinions of Assessor's Office appraisers or real estate brokers, and other cost sources. Comparable Data Pages and sales location maps are not necessary.

A Market-Value Determination can, subject to approval delegations, be approved at the Senior level. They may be prepared and recommended for approval by an agent of less than Associate grade. It is strongly recommended that the Agent preparing the Market-Value Determination have a good understanding of appraisal valuation concepts.

The same Agent who is assigned to sell the excess parcel can prepare a Market-Value Determination. Refer to 7.14.01.00 for the proper statement to include in RW 7-17A when the single Agent is assigned both activities.

Members or candidates of professional appraisal organizations who are assigned to act in a dual role of Appraiser

and Acquisition Agent should check with their organization's Code of Ethics for specific prohibitions and disclosure requirements.

7.14.04.02 The Appraisal Format, Content, and Standards

- A. All appraisals over \$10,000 must follow the general standards of right of way acquisition appraisals.

However, the amount of analysis and degree of documentation should be in proportion to the appraisal problem and valuation involved. Only relevant data should be included. The relevant data should be concisely stated and succinctly analyzed.

The standard right of way acquisition appraisal format will be used except that the Excess Land Title Page (Form RW 7-16) and Excess Land Market Value Sheet (Form RW 7-18) will replace the standard title page and appraisal page.

The Excess Appraisal Request from the Excess Land Branch or the Acquisition Branch should include the acquisition cost of the excess.

- B. Market-Value Determinations of \$10,000 or less may be prepared in the format shown in Exhibit 7-EX-16.

- 1. If the valuation amount is between \$0 and \$1,000, show the word "nominal" in the amount column.
- 2. If the valuation amount is between \$1,001 and \$2,500, show the actual amount or; show "nominal" followed by the amount, rounded to the nearest \$50, shown in parenthesis.

The data required includes the market value (shown parenthetically after the word "nominal"), a Senior Field Review Certificate, Certificate of Appraiser and a parcel map. Photographs and narrative support of the valuation are not required unless HQ R/W approval is requested.

- 3. If the valuation amount is between \$2,501 and \$10,000, show the actual amount

rounded to the nearest \$50. A Senior Field Review Certification (RW 7-5C), Certificate of Market-Value Determination - Excess Land (RW 7-17A), and a parcel map are required. Photographs and narrative support of the valuation are not required unless HQ R/W approval is requested. The Market-Value Determination will ordinarily require only a brief valuation analysis, and the content can be similar to that required for a Public Sales Estimate as indicated in 7.14.03.02 and 7.14.03.03.

Any number of parcels on a single project with a like use can be valued on the same form.

- C. The Uniform Residential Appraisal Report form (URAR) may be used for appraising single family residential properties or 2 to 4 unit multi-residential properties. For further information regarding the use of the URAR form appraisal see Section 7.07.02.00.

If the URAR form appraisal is used for proposed direct sales of excess pursuant to Government Code Section 54235, et seq. (SB 86, Roberti), the following is to be considered when preparing the appraisal:

- If improvement rehabilitation work is to be completed prior to sale and the parcel is appraised as though the work has been completed, list the rehabilitation work on a separate page attached to the form appraisal.
- The form may also be used to appraise the property before rehabilitation if the Excess Land Sales Section requests such an appraisal. The appropriate premise must be indicated in the appraisal request letter from the Excess Land Sales Section.

7.14.05.00 Review of Request for Proposal Submittals (RFP)

Proposal Forms received as the result of a Request for Proposals, in the course of sale of residential properties under Government Code Sections 54235 et seq. will be reviewed by the Region/District

Appraisal Section. This is to validate the reasonableness of the offers received.

Upon receipt of written request from the Excess Land Sales Section, the Appraisal Branch's responsibility will be to review the Proposal Form to verify that the estimated operating expenses appear appropriate to the particular property involved. That is, fixed and variable operating expenses and reserves for replacements will be reviewed to see that they conform to local practice experience, market expectations and reasonable anticipated costs and economic life standards.

In addition, proposed rehabilitation work and its estimated cost as contained in the proposal should be reviewed to determine whether the work and cost appear appropriate. The review will be commensurate with the extent of the information furnished. Excess Land Sales is responsible for furnishing additional data for consideration if any is required.

The review memorandum should be signed by the Appraisal Manager and a copy retained in the Appraisal files.

NOTES:

CHAPTER 7

Appraisal Procedure Table of Contents

EXHIBITS

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7-EX-3	Documentation of Economic Rent
7-EX-4	Final Reconciliation Summary
7-EX-5	Cost Approach-Cost New Less Depreciation
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7-EX-7	Rental Schedule and Unit Inventory (Residential)
7-EX-8	Building Check Sheet
7-EX-9	Commercial Industrial Building Record
7-EX-10	Appraisal of Outdoor Advertising Site Value
7-EX-11	Memorandum Requesting Sign Board Information
7-EX-12	Claim for Reimbursement-Painted Bulletin or Special Build Structure (Schedule B)
7-EX-13	Estimate of Relocation Cost for Special Builds, Painted Bulletins, and Urban Rotate Bulletins
7-EX-14	Poster Panel Removal - Payment and Depreciation Schedules A through H (English Units)
7-EX-15	Excess Land Public Sale Estimate
7-EX-16	Memorandum - Market-Value Determination
7-EX-17	Notice of Decision to Appraise
7-EX-17A	Notice of Decision to Inspect
7-EX-18	Report Analysis
7-EX-19	Request for Copy of Tax Return Form FTB 3516
7-EX-20	Certificate of Sufficiency and Hazardous Waste
7-EX-21	Appraisal Title Page
7-EX-21A	Determination of Just Compensation Title Page
7-EX-22	Poster Panel Removal - Payment and Depreciation Schedules A through H (Metric Units)

MEMORANDUM - MARKET-VALUE DETERMINATION

7-EX-16 (Rev. 7/2000)

(Form #)

Date

Region/Dist. _____

Co. _____

Rte. _____

P.M. _____

Project Limits _____

Excess Land Sales

SUBJECT: Market-Value Determination

The following estimates of (plottage) value on the above-referenced project are provided in accordance with your memorandum dated _____:

Parcel

Size

Use

Value

RECOMMENDED FOR APPROVAL:_____
Right of Way Agent_____
Senior Right of Way Agent
(Appraisals)

APPROVED:

Region/District Division Chief
Right of Way

CHAPTER 7

Appraisal Procedure Table of Contents

FORMS

<u>Form No.</u>	<u>Title</u>
RW 7-1	Right of Way Parcel Diary
RW 7-2	Parcel Occupancy Data
RW 7-3	
RW 7-4	Parcel Summary Page
RW 7-5	Senior Field Review Certificate
RW 7-5A	Senior Review Certificate
RW 7-5B	Senior Review Certificate - Determination of Just Compensation
RW 7-5C	Senior Field Review Certificate - Excess Lands
RW 7-6	Certificate of Appraiser
RW 7-6A	Certificate of Determination of Just Compensation
RW 7-7	Excess Land Review Certificate
RW 7-8	Summary of Outdoor Advertising Structures
RW 7-9	Appraisal Page
RW 7-10	Sales Data Page
RW 7-11	Comparable Data
RW 7-12	Summary of Severance Damages and Benefits
RW 7-13	Excess Property Inventory Valuation (VTA)
RW 7-14	Non Complex Valuations (\$10,000 or less)
RW 7-15	Determination of Just Compensation
RW 7-16	Excess Land Appraisal Title Page
RW 7-17	Certificate of Appraiser (Excess Land Market Value Appraisal)
RW 7-17A	Certificate of Market-Value Determination
RW 7-18	Excess Land Market Value Sheet
RW 7-19	Airspace Parcel Estimate
RW 7-20	Appraisal Title Page-Airspace
RW 7-21	Airspace Parcel Appraisal
RW 7-22	Airspace Appraisal Summary
RW 7-23	Business Goodwill Parcel Diary
RW 7-24	Appraisal Title Page - Business Goodwill Valuation
RW 7-25	Parcel Summary Page - Goodwill
RW 7-26	Business Goodwill Valuation - Senior Field Review Certificate
RW 7-27	Business Goodwill Valuation - Certification of Appraiser
RW 7-28	Appraisal - Business Goodwill Valuation
RW 7-29	Business Sales Data Page - Goodwill
RW 7-30	Notification of Right to Claim Loss of Business Goodwill
RW 7-31	Business Comparable Data Page-Goodwill

CERTIFICATE OF MARKET-VALUE DETERMINATION - EXCESS LAND

RW 7-17A (New 7/2000)

Dist_____
Co_____
Rte_____
KP (P.M.)_____
Exp Auth

I Hereby Certify:

That I have personally inspected the property herein valued. A personal field inspection of the comparable sales relied upon in making said Market-Value Determination has also been made. The photographs contained in this report are representative of the subject property(ies) and comparables relied upon in making this Market-Value Determination.

That to the best of my knowledge and belief, the statements contained in the Market-Value Determination herein set forth are true, and the information upon which the opinions expressed therein are based is correct, subject to limiting conditions therein set forth.

That I understand that the Market-Value Determination may be used in connection with an Excess Land transaction that resulted from a project constructed by the State of California with the assistance of Federal-aid highway funds, or other Federal funds.

That such Market-Value Determination has been made in conformity with the appropriate State laws, Title VI of the 1964 Civil Rights Act, regulations and policies and procedures applicable to Market-Value Determination of property for such purposes.

That neither my employment nor my compensation for making this Market-Value Determination and report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in such property or in any benefit from said property Market-Value Determination, nor will I derive any benefit from the resulting Excess Land transaction.

That I have not revealed the findings and results of such Market-Value Determination to anyone other than the proper officials of the California Department of Transportation or officials of the Federal Highway Administration and I will not do so until so authorized by State officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

That my opinion of the total fair market value of the parcel(s) included in this report as of the _____ day of _____ is \$ _____; and that such conclusion was derived without collusion, coercion or direction as to value.

(Signature)

(Date)